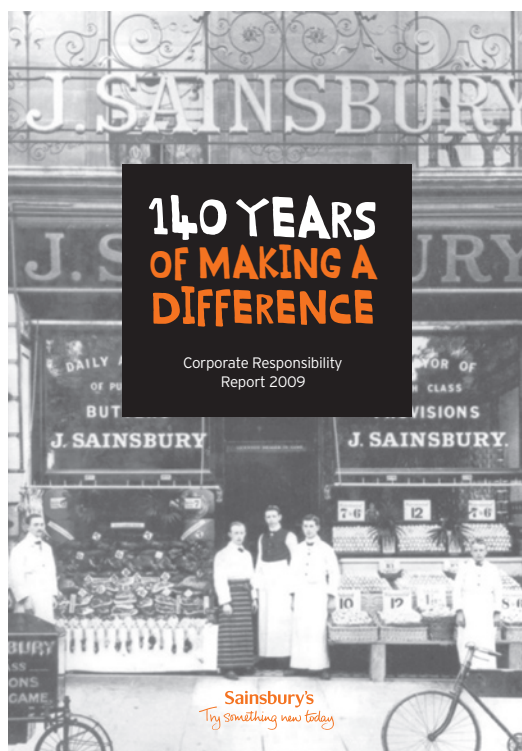


# Corporate responsibility review

With over 18 million customers each week Sainsbury's has a real impact on UK consumers. Five principles underpin our activities. As a leading food retailer we focus on being the 'best for food and health' which is why we are committed to 'sourcing with integrity'. Because we source from all over the world and sell in the UK we have to show 'respect for our environment' and play an active role in the communities we serve 'making a positive difference to our community'. All this is possible through the commitment of our colleagues so that Sainsbury's is 'a great place to work'.

Stakeholders trust the company to act responsibly on their behalf and this is an integral part of the Sainsbury's brand. In the current economic climate, our values remain just as important and relevant and although customers are increasingly price-conscious, ethical and environmental issues remain important for them.

Sainsbury's was the first UK food retailer to publish an environment report which we did in 1996. We continue to report on environmental issues although the report is now expanded to cover the fuller range of issues now commonly referred to under the umbrella of corporate responsibility.



Our 2009 Corporate Responsibility report will be published on 13 July and is available online at [www.j-sainsburys.co.uk/cr](http://www.j-sainsburys.co.uk/cr)

## Best for food and health

Sainsbury's approach is to help and inspire customers to eat a healthy balanced diet by promoting healthy eating and active lifestyles. We aim to make products as healthy as possible without compromising taste and quality and promote clear and transparent labelling to help customers make informed choices about the food they eat. Sainsbury's promotes healthy eating inspiring customers to cook via successful campaigns such as 'Feed your Family for a Fiver' and simple 'tip card' ideas, 50 per cent of which contain at least one portion of fruit or vegetables towards an individual's recommended 5-a-day. Twenty-five per cent of the ideas on tip cards are also rated as 'healthier'.

As part of the Company's commitment to the responsible sale of alcohol, from September 2009 we will be introducing a 'Think 25' policy across all stores, building on the 'Think 21' policy introduced in September 2005.

## Highlights during the year

**Basics:** 'basics' sales up 60 per cent year-on-year in the last quarter of the year. We continue to apply our front of pack Multiple Traffic Light labelling to all relevant products, including our basics range, making it easier for customers to make healthy and affordable choices at a glance.

**Saturated fat:** Dairy is one of the major contributors of saturated fat to the UK diet. Our '1 per cent fat' milk, launched in April 2008, has the same taste and calcium content as semi-skimmed milk but nearly half the fat and is now consumed in around two and a half million UK households.

**Sugar:** We have reduced the sugar or sucralose in all of our squash lines by ten per cent. Over 65 per cent of our own brand bottled and carbonated squash and over 90 per cent of our own brand squash contain no added sugar.

**Fibre:** In 2008 we introduced a number of products with higher fibre content including a wholemeal 'basics' loaf, one of our top three selling 'basics' bakery products. Sales of the new loaf almost doubled in the three months following its launch.

## Sourcing with integrity

Sourcing with integrity is about offering products that are better for customers, the environment and the animals, farmers and suppliers involved in their production. Sainsbury's is committed to offering British products at their best, when in season and when the quality meets customers' expectations. We have a long history of supporting British farmers and helping to raise capability and skills to create sustainable businesses and long-term relationships.



Sainsbury's also recognises the value it can bring to communities in developing countries and we are the UK's largest retailer of Fairtrade products, accounting for around one-third of all UK Fairtrade sales. In August 2008 we celebrated the first anniversary of our Fair Development Fund by introducing dried fruit and nuts from Uganda, Malawi, Mozambique and Zambia, the first food produced from grants awarded at the fund's launch in August 2007. A major aim of the fund, run by Comic Relief and financed by Sainsbury's with £1 million over four years, is to develop long-term sustainable solutions for producers in developing countries to meet Fairtrade standards and start selling internationally on fairer terms.

We remain committed to promoting high standards of animal welfare and recognise that in using sustainable resources in our products, such as FSC Timber, we minimise the impact of our products on the environment.

#### Highlights during the year

**RSPCA Freedom Food chicken:** Sales of our RSPCA Freedom Food chicken are up over 130 per cent year-on-year. Sales of all our higher welfare chicken (including Freedom Food, Free range and Organic) are up over 30 per cent year-on-year.

**Cage-free Eggs:** In February 2009 we became the first major supermarket to stop selling eggs from caged hens. This means that over half a million hens will no longer be kept in battery cages, meeting our 2010 target a whole year ahead of schedule and two years before government legislation comes into effect.

**Fairtrade:** Our Fairtrade sales this year hit £210 million, maintaining our position as the largest retailer of Fairtrade products in the UK by sales value. We now account for around one-third of all Fairtrade sales in the UK.

**RSPCA Freedom Food salmon:** In June 2008 we launched our 'Responsibly sourced' salmon, making us the first major supermarket to convert all our farmed salmon to the RSPCA Freedom Food standard. All our fresh and smoked farmed salmon is now 100 per cent Scottish and meets the RSPCA Freedom Food standard.

#### Respect for our environment

Sainsbury's recognises that tackling issues such as climate change involves working both upstream in its supply chains and downstream with customers. On the issue of carbon reduction we are working hard to reduce our operational footprint by improving the energy efficiency of stores and the distribution network and by increasing the amount of renewable energy used.

Sainsbury's champions the 'Reduce, Re-use, Recycle' approach to minimise waste from its business and customer waste via packaging and food waste. We are on target to send zero food waste to landfill by the end of 2009. We have also promoted the re-use of shopping bags since the mid 1990s. In April 2008 we increased the recycled content of our single use bags from 33 per cent to 50 per cent and started issuing Nectar loyalty points to customers re-using their own bags when shopping in Sainsbury's stores in June 2008.

#### Highlights during the year

**Environmentally efficient stores:** In August 2008 we opened our flagship green store in Dartmouth, Devon. The store has achieved reductions in its overall CO<sub>2</sub> emissions by 54 per cent through the use of renewable energy and has reduced energy consumed from the national grid by over 50 per cent. Rainwater harvesting has reduced mains water usage by 60 per cent, saving around one million litres of mains water every year. Most of the energy saving features identified from Dartmouth are now being replicated in our new stores.

#### Energy reduction programme for existing stores:

A project was launched in 2007 to improve the energy efficiency of our existing stores. Over 200 stores have so far been completed, achieving savings of over 53,000 tonnes of CO<sub>2</sub> every year as a result. In 2009 we will continue the scheme, targeting 100 stores during 2009/10.

**Carrier bags:** Over the past three years the company has reduced the environmental impact of its carrier bags by 63 per cent as measured by the amount of virgin plastic used and over the past two years has reduced the number of bags issued by 58 per cent.

**Food waste:** Following the success of a food waste trial we are on track to send zero food waste to landfill in 2009. Food waste from 38 stores is currently sent for anaerobic digestion in Northamptonshire where it is broken down into fertiliser and methane gas, used to generate electricity. This approach will be rolled out nationwide in 2009.

#### Making a positive difference to our community

Sainsbury's stores are at the heart of the communities they serve and with around 150,000 colleagues throughout the UK, we are a major contributor to local employment. We support local communities through programmes such as food donation schemes and Sainsbury's Active Kids.

Sainsbury's participation in Red Nose Day on 13 March 2009 also saw customers and colleagues help the company donate over £10 million to Comic Relief an increase of 32 per cent over the previous event. We are the charity's largest corporate partner having donated over £40 million in the past ten years.

#### Highlights during the year

**Comic Relief:** The £10 million donated to Comic Relief this year will help to support some of the most vulnerable people in both the UK and the developing world.

**Active Kids:** We have now donated over £70 million worth of sports equipment and experiences to schools, nurseries, Scouts and Girlguiding UK groups through our Active Kids scheme which was launched in 2005. In the year ending March 2009 we donated £18 million worth of equipment and resources, with more than 150,000 young people trying a new physical activity as a result. We are on target to donate £100 million worth of equipment by 2011.

**Food donation:** In 2008/09 we donated over £5 million worth of surplus food to a network of charities across the UK through our Food Donation programme.

**Job creation:** During the year ending March 2009 we generated 5,000 new jobs by opening 11 new supermarkets, 20 new convenience stores and a number of store extensions. We will continue our programme of store development in 2009/10 generating 6,500 additional jobs.

**Alcohol:** From September 2009 we will be introducing a Think 25 policy across all of our stores, further encouraging the responsible sale of alcohol.

#### A great place to work

Being a great place to work is rooted in Sainsbury's heritage and values. The Company was one of the first shops to actively recruit women in 1914 and we set up a training school in 1915 initially to help women do the jobs of men away at war. It was so successful that other retailers started advertising for 'Sainsbury's-trained' colleagues. We are committed to championing inclusion, diversity and flexible working and we aim to recruit, retain and engage colleagues from backgrounds that reflect the communities we serve.

Our colleague development programme 'You Can', combines established and new initiatives to support job opportunities for the long-term unemployed and disadvantaged and skills development for new and existing colleagues. Launched in November 2008 it offers colleagues development opportunities from support with literacy and numeracy through to Level 2 NVQ qualifications.

#### Highlights during the year

**You Can:** We now have over 2,000 colleagues participating in You Can. 760 colleagues have been recruited in 2008/09 by providing job opportunities to the long-term unemployed and disadvantaged, whilst around 1,300 colleagues are now benefiting from the online skills, job-related qualifications and apprenticeship opportunities offered through 'You Can'.

**Colleague bonus:** 120,000 colleagues will share a bonus of £60 million this year bringing the total amount paid out over the last four years to over £210 million. The bonus scheme is linked to the delivery of great service and product availability as well as overall sales and profit measures.

